

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 USIA-06
/061 W

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P R 161835Z FEB 78
FM AMEMBASSY ROME
TO SECSTATE WASHDC PRIORITY 676
INFO AMCONSUL FLORENCE
AMCONSUL GENOA
AMCONSUL MILAN
AMCONSUL NAPLES
AMCONSUL PALERMO
AMCONSUL TRIESTE POUCH
AMCONSUL TURIN POUCH

C O N F I D E N T I A L ROME 3072

E.O. 11652: GDS
TAGS: PINT, IT
SUBJECT: AMBASSADOR'S MEETING WITH DC SECRETARY ZACCAGNINI

SUMMARY: CHRISTIAN DEMOCRAT (DC) PARTY SECRETARY ZACCAGNINI
TOLD ME ON FEBRUARY 15 THAT HE WAS MODERATELY OPTIMISTIC
THAT ANDREOTTI WOULD SUCCEED IN FORMING A NEW GOVERNMENT.
HOWEVER, HE DESCRIBED THE NEGOTIATIONS ON A POLITICAL
FORMULA AND GOVERNMENT PROGRAM AS ONLY JUST BEGINNING. HE
PREDICTED THAT ANOTHER THREE WEEKS OR MORE WOULD BE NEEDED
TO RECONCILE DIVERGENT POINTS OF VIEW. END SUMMARY.

1. I CALLED ON CHRISTIAN DEMOCRAT (DC) SECRETARY
ZACCAGNINI FEBRUARY 15 TO GET HIS READING OF THE CURRENT
GOVERNMENT CRISIS. ZACCAGNINI'S HEAD OF SECRETARIAT,
GIUSEPPE PISANU, WAS ALSO PRESENT , AND AT THEIR REQUEST
THE HOUR-LONG MEETING WAS DISCREETLY HELD AT THE DC'S
DEGASPARI INSTITUTE RATHER THAN AT DOWNTOWN PARTY
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HEADQUARTERS. ZACCAGNINI WAS CORDIAL BUT CAUTIOUS AND
RESTRAINED IN HIS ASSESSMENTS (AS IS HIS WONT).

2. ZACCAGNINI PRONOUNCED HIMSELF MODERATELY OPTIMISTIC
THAT ANDREOTTI WILL SUCCEED IN PUTTING TOGETHER A NEW
GOVERNMENT. THAT MORNING ANDREOTTI HAD CIRCULATED
HIS DRAFT PROGRAM (WHICH INCLUDED A POLITICAL PREAMBLE)

TO THE OTHER PARTIES. I WAS MOST STRUCK BY THE EMPHASIS WITH WHICH ZACCAGNINI STATED THAT "WE ARE AT THE VERY BEGINNING OF THE NEGOTIATIONS." HOW LONG DID HE EXPECT THE PROCESS TO GO ON? AT LEAST THREE WEEKS AND PROBABLY MORE, ZACCAGNINI SAID.

3. THE POLITICAL PROBLEM STILL REMAINED TO BE RESOLVED: AS INDICATED IN ANDREOTTI'S DOCUMENT, THE DC IS PREPARED TO ENTER INTO A CLOSER, POLITICAL COMMITMENT WITH THE OTHER PARTIES IN SUPPORT OF AN AGREED PROGRAM, BUT ONLY INsofar AS EACH PARTY'S "INDEPENDENCE" IS PRESERVED AND THAT THE ARRANGEMENT DOES NOT CONSTITUTE A POLITICAL ALLIANCE OR COALITION. I ASKED WHETHER THE PCI WOULD ACCEPT SUCH A FORMULA. ZACCAGNINI REPLIED THAT THIS STILL REMAINS TO BE SEEN. HE EXPLAINED THAT THE DC WAS WILLING TO ACCEPT THE PCI'S FAVORABLE VOTE IN SUPPORT OF THE COMMONLY AGREED PROGRAM. HE DECLINED TO ELABORATE, HOWEVER, HOW A VOTE OF CONFIDENCE MIGHT BE PRESENTED (I.E., A JOINTLY SUBSCRIBED ORDER OF THE DAY OR ADHERENCES TO A DC MOTION).

4. IN RESPONSE TO MY QUESTION, ZACCAGNINI SAID THAT CONTRARY TO EARLIER INDICATIONS, NO NEW PARLIAMENTARY MECHANISM WOULD BE CONSTITUTED TO CONTROL THE GOVERNMENT'S ACTIVITY OR ASSURE THAT THE PROGRAM WOULD BE CONFIDENTIAL

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CARRIED OUT. THERE WOULD BE NO PARLIAMENTARY GUARANTEE COMMISSION AS SUCH. ZACCAGNINI SAID THAT THE PARLIAMENTARY GROUP HEADS OF THE SIX PARTIES HAVE FOR SOME TIME GOTTEN TOGETHER INFORMALLY FROM TIME TO TIME ON VARIOUS LEGISLATIVE PROBLEMS. THIS PRACTICE WOULD CONTINUE, AND AT TIMES THE PRIME MINISTER WOULD PARTICIPATE. COMMENT: ZACCAGNINI OBVIOUSLY SOUGHT TO DOWNPLAY THE ELEMENT OF POLITICAL CONTROL ON THE PARTY OF THE PCI AND OTHER PARTIES ON THE GOVERNMENT. END COMMENT.

5. I ALSO ASKED ZACCAGNINI WHAT MIGHT BE EXPECTED AFTER DECEMBER 1978 WHEN THE GOVERNMENT WOULD RESIGN, IN KEEPING WITH PRACTICE, FOLLOWING ELECTION OF A NEW PRESIDENT. WOULD THERE BE NEW ELECTION? NOT NECESSARILY SO. THE NEW PRESIDENT WOULD NOT BE OBLIGED TO ACCEPT THE RESIGNATION. ELECTIONS THEN MAY NOT BE ANY MORE OF A SOLUTION TO THE PRESENT POLITICAL IMPASSE THAN THEY ARE NOW. THE SAME CONDITIONS WOULD LIKELY OBTAIN (ZACCAGNINI ELABORATED ON THE DANGERS OF DECIMATING AND ALIENATING THE LAY PARTIES WITH THE DC NOT BEING ABLE TO GOVERN WITH ANY LESSER DEGREE

OF PCI SUPPORT). WHAT MIGHT HAPPEN SHOULD ANDREOTTI FAIL IN HIS PRESENT EFFORTS? AGAIN, ZACCAGNINI INSISTED THERE WERE NO ATTRACTIVE ALTERNATE SOLUTIONS, AND THAT ELECTIONS MIGHT ONLY MAKE A CLOSER ACCORD WITH THE PCI NECESSARY.

6. THE NEW PROGRAM WOULD ALSO REQUIRE CONSIDERABLE TIME TO FORMULATE. NOT THAT THERE WERE NOT "AMPLE CONVERGENCIES" ON THE PART OF THE SIX PARTIES OVER WHAT NEEDED TO BE DONE. MANY DIFFERENCES REMAINED, HOWEVER, AS TO HOW VARIOUS PROBLEMS SHOULD BE RESOLVED. ZACCAGNINI AGREED THAT A TOUGH AND REALISTIC ECONOMIC PROGRAM WAS NEEDED TO REMEDY SUCH PROBLEMS AS THE COST OF LABOR, MOBILITY OF THE WORK FORCE, CONFIDENTIAL

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PUBLIC SECTOR DEFICIT AND MISMANAGED AND UNECONOMIC STATE ENTERPRISES.

7. IN THIS CONNECTION, ZACCAGNINI COMMENTED THAT THE MORE MODERATE TRADE UNION ATTITUDE WAS IMPORTANT AND HELPFUL. THE UNIONS NONETHELESS REGARDED WAGE INDEXATION AS A SACRED PRINCIPLE. NO MATTER HOW MUCH UNION LEADERS MIGHT AGREE ON THE NEED TO REFORM THE "SCALA MOBILA" MECHANISM, THEY WOULD FACE A REVOLT FROM THEIR BASE WERE ANYONE TO ABOLISH THE SYSTEM. IT WAS THEREFORE NECESSARY TO AVOID A FRONTAL ATTACK AND FIND WAYS IN WHICH THE COST OF LABOR CAN BE BROUGHT MORE IN LINE WITH EUROPEAN LEVELS. THE DC PROPOSED DOING THIS BY REDEFINING THE COMPONENTS OF THE MARKET BASKET, SPREADING OUT APPLICATION (FROM QUARTERLY TO SEMI-ANNUALLY), AND ELIMINATING SOME OF THE SPECIAL CATEGORY WAGE ESCALATOR SYSTEMS WHICH ARE THE MOST "SCANDALOUS."

8. IN PASSING, I ALSO RAISED THE ALLEGATION MADE IN A WASHINGTON-DATELINED ARTICLE BY BETTIZA IN IL GIORNALE FEB. 14 THAT PISANU HAD BEEN TOLD ON A RECENT WASHINGTON VISIT THAT THE PRESIDENT WOULD NOT BE PREPARED TO MEET WITH ZACCAGNINI UNTIL "THE DC CLARIFIED ITS AMBIGUOUS POSITION TOWARD THE PCI." I ASSURED ZACCAGNINI THAT THE CHARGE WAS FALSE AND GAVE HIM THE STATEMENT (WHICH HAD BEEN COORDINATED BEFOREHAND WITH EUR/WE) WHICH WE HAD USED EARLIER IN THE DAY IN RESPONSE TO PRESS INQUIRIES: QUOTE THAT STORY, WHICH APPEARED IN IL GIORNALE ON FEBRUARY 14, REGARDING A POSSIBLE VISIT BY ON. ZACCAGNINI TO WASHINGTON IS FALSE. WHILE THERE ARE NO PRESENT PLANS FOR SUCH A VISIT, A VISIT TO THE UNITED STATES BY ON. ZACCAGNINI AT SOME MUTUALLY CONVENIENT TIME CONFIDENTIAL

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WOULD BE WELCOME. AT NO TIME DID AMERICAN OFFICIALS
RAISE POLITICAL CONDITIONS IN CONNECTION WITH A POSSIBLE
FUTURE VISIT. END QUOTE. WHILE ZACCAGNINI INDICATED
NO INTEREST IN ARRANGING A VISIT AT THIS TIME, HE
EXPRESSED WARM APPRECIATION FOR OUR ACTION (THE DC
SECRETARIAT HAD PREVIOUSLY ISSUED ITS OWN DENIAL).GARDNER

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